



COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

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Gloria Molina
Yvonne Brathwaite Burke
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Don Knabe
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Commissioners

Carlos Jackson
Executive Director

June 8, 2004

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE PURCHASE OF PROPERTY INSURANCE, EXCESS WORKERS'
COMPENSATION AND EXCESS GENERAL AND AUTOMOBILE LIABILITY
INSURANCE FOR THE COMMUNITY DEVELOPMENT COMMISSION AND HOUSING
AUTHORITY (ALL DISTRICTS)
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE
COMMUNITY DEVELOPMENT COMMISSION:**

1. Approve the combined purchase, with the Housing Authority of the County of Los Angeles, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at an approximate premium cost not exceeding \$1,200,000, for the period from July 1, 2004 to June 30, 2005, through the Commission and Housing Authority's insurance broker, Driver Alliant Insurance Services, Inc.

2. Authorize the Executive Director to purchase the property insurance, excess workers' compensation insurance and excess general and automobile liability insurance and to make payments, as needed, for workers' compensation and general liability claims, using funds contained in the approved 2004-2005 Fiscal Year budget.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Approve the combined purchase, with the Community Development Commission, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at an approximate premium cost not exceeding \$1,200,000, for the period from July 1, 2004 to June 30, 2005, through the Housing Authority and Commission's insurance broker, Driver Alliant Insurance Services, Inc.
2. Authorize the Executive Director to purchase the property insurance, excess workers' compensation insurance and excess general and automobile liability insurance and to make payments, as needed, for workers' compensation and general liability claims, using funds contained in the approved 2004-2005 Fiscal Year budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to purchase property insurance, excess workers' compensation insurance and excess general and automobile liability insurance for the Commission and the Housing Authority under a Joint Purchase Program formed by Driver Alliant Insurance Services, Inc. The proposed purchase will provide required excess coverage above the Commission and Housing Authority's self-insured retentions.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The total approximate annual premium cost of \$1,200,000 will be paid from funds included in the approved 2004-2005 Fiscal Year budgets of the Commission and the Housing Authority.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 25, 1993, your Board approved the Commission and Housing Authority's participation in a Joint Purchase Program provided by Robert F. Driver Company, now known as Driver Alliant Insurance Services, Inc. The property, excess workers' compensation and excess liability and automobile insurance programs combine the purchasing power of public agencies to obtain insurance at rates below those available

individually. Programs are underwritten by numerous insurance carriers, which are all rated "A" Superior to Excellent by Best's Key Rating Guide. With the exception of the excess workers' compensation insurance, there is no sharing of limits or risk, and each participant is protected to the same extent as if separate policies had been written. The excess workers' compensation insurance is provided through the California State Association of Counties/California Public Entities Insurance Association (CSAC/CPEIA) pooled program, and while there is risk sharing on this assessable program, the coverage and rates offered are far superior to that available on an individual basis.

The Fiscal Year 2003-2004 premium for insurance coverage was \$800,000, which included property, excess workers' compensation and excess general and automobile liability insurance. Renewal of coverage under the Joint Purchase Program will be at an estimated annual cost not to exceed \$1,200,000. The increased premium is due to worldwide catastrophes, the recent fires in Southern California and the workers' compensation crisis in the State.

A portion of the premium will be paid to Driver Alliant Insurance Services, Inc. as a broker fee, in accordance with industry standards.

County Counsel has reviewed this letter.

On May 19, 2004, the Housing Commission recommended approval of these actions.

IMPACT ON CURRENT SERVICES/PROGRAMS:

The proposed insurance will provide all the required coverage for Commission and Housing Authority properties and activities.

CONCLUSION:

Few carriers meeting the Commission and the Housing Authority's rating requirements are prepared to offer coverage as broad as this program, which includes coverage for employment practices liability and employee benefits liability. These items, which are usually purchased separately for an additional premium, are included as part of the master policy.

Respectfully submitted,

CARLOS JACKSON
Executive Director